

**BRITISH DOCUMENTS
ON FOREIGN AFFAIRS:
REPORTS AND PAPERS FROM THE
FOREIGN OFFICE CONFIDENTIAL PRINT**

GENERAL EDITORS
PAUL PRESTON and MICHAEL PARTRIDGE

PART III

From 1940 through 1945

**SERIES D
LATIN AMERICA**

EDITOR
JAMES DUNKERLEY

Volume 6
**South and Central America,
January 1943–June 1943**

UNIVERSITY PUBLICATIONS OF AMERICA
An Imprint of CIS

CHAPTER XX.—URUGUAY.

[A 320/320/46]

No. 110.

Mr. Stevenson to Mr. Eden.—(Received January 9, 1943.)

(No. 120.)

Sir,

Montevideo, December 7, 1942.

IN my telegram No. 320 of the 30th November last, I reported on the result of the Presidential elections in this country, as a consequence of which Dr. Juan José Amézaga was elected President of the Republic (1943-47) with Dr. Alberto Guani as Vice-President. I now have the honour to inform you that, according to the preliminary scrutiny, the votes cast on that occasion were as follows :—

"Colorado" party	...	...	...	...	284,125
"Batllista"	...	...	...	148,664	
"Baldomirista"	...	...	...	53,808	
"Blanco Acevedo"	...	...	...	64,946	
"Lagarmilla"	...	...	...	16,031	
"Williman"	...	...	...	676	
Nationalist party ("Herreristas")	...	...	...	110,440	
Independent Nationalists	...	...	...	54,775	
Socialist party	...	...	...	8,228	
Communist party	...	...	...	12,996	
Catholic party	...	...	...	21,873	
Votes challenged	...	...	...	55,617	
					548,054

As the total number of citizens inscribed in the National Register is 859,701, it will be seen that 63·86 per cent. of the electorate went to the polls. The final scrutiny has still to be made, and it is unlikely that the full results will be known for several weeks.

2. The internal political situation, on which I reported in my despatch No. 99 of the 6th October last, developed no last-minute surprises which could affect the chances of the main candidates. The agreement between President Baldomir and the "Batllistas" secured for Dr. Juan José Amézaga, the "official" Colorado candidate, the large majority of votes within the framework of that party. As pointed out in my above-mentioned despatch, the "Batllistas" had not taken part in an election since 1933, and the strength of this once all-powerful group of the "Colorado" party was the main political interrogation mark. Their most sanguine supporters could hardly have hoped for the resounding majority they secured in the elections, obtaining in Montevideo alone a clear majority of 16,000 votes over the combined vote of all other groups of the "Colorado" party. Had they put forward a candidate of their own such a majority would have sufficed to give them the presidency. As a result of this vote the "Batllista" candidate for the office of Mayor of Montevideo, Señor Juan Fabini, defeated his main opponent, Dr. Paiva Irisarri (who for some months previously had been *interim* "Intendente" and had, both in that office and as President of the departmental "Junta," discharged his duties to the satisfaction of all parties), despite the fact that Dr. Paiva was not only the candidate of the "Baldomirista" group but also of the Blanco Acevedo and Lagarmilla groups.

3. The election of Señor Fabini will thus give the "Batllistas" control of the municipality in the Department of Montevideo, as well as of a large majority of the municipalities in other departments of the Republic. As, moreover, they are likely also to control the National Assembly (the present figures giving the "Batllistas" ten seats in the Senate and thirty-one seats in the Chamber of Representatives) their triumph, one of the most noteworthy in recent years, must be regarded as the definite repudiation by the electorate of the "March dictatorship" (1933-38) and, implicitly, a declaration of democratic faith. The relatively small number of votes polled by the "Baldomiristas" (53,808 in 1942, as against 108,205 in 1938), may be explained by the fact that the abstention of "Batllistas" and National Independents in the 1938 elections led many adherents of these two groups, desirous of complying with their civic duties and

unable to support candidates of their own, to cast their votes for General Baldomir. In the same way many "Herreristas" voted in 1938 for Dr. Blanco Acevedo (64,946 votes in 1942; 88,485 in 1938). A substantial measure of control over the government of the country during the next four years will accordingly be in the hands of the "Batllista" group, though Dr. Guani, as Vice-President of the Republic and President of the Senate and General Assembly, professes to be confident that they will accept his guidance. Remembering the fanaticism of the old-time Jacobin "Batllistas" and the implacable manner in which they persecuted all those who did not profess the faith of their sect, it is to be hoped not only that Dr. Guani's confidence is well-founded but that the younger men in this group who have come to the fore in recent years will act as a leaven and prevent that fermentation of political passions which marked, and marred, "Batllista" administrations in the past. Fortunately, from the viewpoint of international policy, nothing is likely to be changed. And if, as seems possible, "Batllistas" and Independent Nationalists, continuing their alliance of the "dictatorship" period, decide to work together, this should still further strengthen the Uruguayan "front" against the Axis Powers.

4. The Independent Nationalists profess to be satisfied with the 54,775 votes polled by them, taking into consideration the fact that for some months prior to the elections the directorate of this group were undecided whether to go to the polls or not and that, when the decision was finally made, there was insufficient time adequately to organise their campaign. Under present figures they obtain four seats in the Senate and ten seats in the Chamber of Representatives—a not very considerable representation but one, nevertheless, which may be useful to the group as a political bargaining counter.

5. The "Herrerista" poll, of 110,440 votes, is smaller than was anticipated, bearing in mind the considerable sums spent by this fraction on propaganda, the numerous meetings held in those Departments of the interior which are traditional "Blanco" strongholds, and the general belief that those persons of pro-Axis, or at least anti-democratic sentiments, would rally to Dr. Herrera. It should, however, serve to give the "Herreristas" a majority in two of the municipalities, and seven seats in the Senate and twenty-one seats in the Lower Chamber. While some political observers forecast an anti-"Batllista" coalition in Parliament between "Herreristas" and the Blanco Acevedo section (with four seats in the Senate and fifteen seats in the Chamber of Representatives), this seems to me most unlikely and it is probable that the latter group will, as in 1938, eventually be brought to support the other Colorado groups.

6. The virtual disappearance in the voting lists of the "Riverista" group of the Colorado party deserves passing mention. Unwilling to support either Dr. Amézaga, owing to his alliance with their arch enemies, the "Batllistas," or Dr. Blanco Acevedo, owing to a personal feud between Dr. Manini Ríos and this politician, the "Riveristas," somewhat tardily and not altogether wholeheartedly, turned towards Dr. Lagarmilla. As I mentioned in my despatch already cited, his candidature had no chance of success; and the 16,031 votes polled for him will barely enable his supporters to obtain one seat in the Senate and one seat in the Lower Chamber.

7. As regards the other three parties, the surprisingly small Socialist poll, of 8,228 votes, is probably due to many of their followers voting the "Batllista" ticket; while the comparatively large Communist poll, of 12,996 votes, may be regarded as reflecting popular enthusiasm for the war achievements of the Soviet Union. The Catholic poll, of 21,873 votes, which far surpasses the number of votes polled by this party at any previous election, is said to be largely due to women's votes.

8. In conclusion, the majority secured by the Colorado party at these elections has meant the acceptance of President Baldomir's Constitutional Reform Bill, the text of which was transmitted in my despatch No. 90 of the 8th September last.

I have, &c.
RALPH SKRINE STEVENSON.

Mr. Stevenson to Mr. Eden.—(Received February 6.)

(No. 1. Confidential.)

Sir,

Montevideo, January 1, 1943.

IN accordance with the instructions contained in circular despatch No. 72 of the 4th November, 1939, I have the honour to transmit, herein, a summary of events in Uruguay during the year 1942, for which I am indebted to Mr. Jocelyn Speck, M.V.O.

I have, &c.

RALPH SKRINE STEVENSON.

Enclosure in No. 111.

Summary of Events in Uruguay during the Year 1942.

Internal Affairs.

THE internal political situation at the end of 1941 was, as I reported in last year's summary, one of considerable tension. The lack of even the outward semblance of co-operation between the "Herreristas" and the Government had led General Baldomir to demand the resignation of the three Cabinet Ministers belonging to that group and to replace them by three of his own supporters. At the same time the draft Reform Bill had been approved by the Consultative Council; and the President, in a speech to the nation, had stated that in his opinion the amended Constitution would provide a pliable and democratic instrument of government. Moreover, the President had become more than ever determined that, notwithstanding "Herrerista" obstructionist tactics, this scheme should be put to the electorate at the presidential elections in March 1942 and be deemed approved if passed by a majority of the votes cast and not of the voters inscribed on the Civic Register.

2. On the 20th February, 1942, the "Herrerista" Senators, still pursuing their customary intransigent attitude, interpellated the Minister of the Interior regarding alleged police intervention in the electoral campaign and, the Government party, being at that moment in a minority, carried a motion censuring the Minister for unconstitutional practice. In the early hours of the following morning the President dissolved Parliament. No violence occurred; only a single arrest was made; and the public reaction to this *coup* was one of complete calm. Nor was any response forthcoming to a proclamation issued later by the President of the General Assembly, and signed by the "Herrerista" Senators and Deputies, proclaiming Dr. César Charlone, the Vice-President, as virtual head of the State, owing to violation of the Constitution by the President. A decree provided, "for the duration of the present régime," for the establishment of a Council of State to assist the President in all administrative matters on which he deemed their advice necessary and to carry out the functions of the Legislature. The council, which was composed of twenty-eight members, was formed mostly of men outside party politics, the remainder being representatives of the "Baldomirista" and "Batllista" groups. The Independent Nationalists, the Socialists, the Catholics, and the "Colorado" groups, led by Dr. Blanco Acevedo and Dr. Charlone, refused to take part in the council, though promising support to the Government if the internal policy followed constitutional lines.

3. The postponement of the presidential elections as a consequence of these occurrences, and the President's silence as to the date on which the elections would eventually be held, caused a temporary recrudescence of political unrest. Although the first step towards putting an end to the existing abnormal conditions, namely, the reconstruction of the Electoral Court, had been taken in March, it was not until June that the President at length announced that the elections would take place on the last Sunday in November (as had been the practice under the previous Constitution). This date, which was much later than the non-Government parties had hoped for, was accepted resignedly by some and with ill grace by others. Moreover, the support given to the President by the "Batllistas" aroused very deep apprehension in the other political groups, since they felt that a "Batllista" triumph would mean a Government implacably sectarian and committed, as in past "Batllista" Administrations, to the proscription of its opponents.

4. In October, the political situation, which up till then had been extremely fluid, began to crystallise. By an agreement reached between General Baldomir and the "Batllistas," Dr. Juan José Amézaga was proclaimed as the "official" Colorado candidate for the presidency, with Dr. Alberto Guani as Vice-President. This agreement did not, however, extend to votes for the office of Mayor of Montevideo—an important post politically—for which the "Batllistas" presented their own candidate, Señor Juan Fabini, while the "Baldomiristas" presented a candidate, Dr. Paiva Irissari, who was also supported by the Colorado groups led by Dr. Blanco Acevedo and Dr. Lagarmilla, both of whom were also running for the post of President of the Republic. The Independent Nationalists, for their part, had chosen Dr. Martín Martínez, an elderly man with a long and honourable political record, as their candidate for the presidency; the "Herreristas" once again, for the fifth time, put forward the candidature of Dr. Herrera.

5. The principal feature of the elections, which were held, without incident, on the 29th November and resulted in the triumph of Dr. Amézaga, the "official" Colorado candidate, was the success of the "Batllista" group. Notwithstanding nine years' abstention from political activity, this group secured in Montevideo alone a clear majority of 16,000 votes over the combined vote of all other factions of the Colorado party—a majority which would have sufficed to give them the presidency of the republic had they put forward a candidate of their own. With the election of Señor Fabini they have obtained control of the Municipality of Montevideo, as well as of a large majority of the municipalities in other departments of the republic. It is probable, from the figures so far known, that they will be the most powerful group in the National Assembly. A substantial measure of control over the government of the country will thus be in the hands of the "Batllistas" during the next four years, although Dr. Guani, as Vice-President of the Republic and President of the Senate and the General Assembly, professes to be confident that they will accept his guidance. Fortunately, from the viewpoint of international policy, nothing is likely to be changed. And if, as seems possible, "Batllistas" and Independent Nationalists, continuing their alliance of the "dictatorship" period, decide to work together, this should still further strengthen the Uruguayan "front" against the Axis Powers.

6. According to the preliminary scrutiny, the votes cast at these elections were as follows:—

"Colorado" party	284,125
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Votes challenged	55,617	
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As the total number of citizens inscribed in the Civic Register is 859,701, it will be seen that 63.86 per cent. of the electorate went to the polls. The final scrutiny has still to be made, and it is unlikely that the full results will be known until the middle of January. The surprisingly small Socialist poll was probably due to many of their followers voting the "Batllista" ticket; the comparatively large Communist poll may be regarded as reflecting popular enthusiasm for the war achievements of the Soviet Union. The Catholic poll, largely due to women's votes, far surpassed the number of votes obtained by this party at any previous election.

7. The majority secured by the Colorado party at these elections has also meant the acceptance by plebiscite of the amended Reform Bill. The two major reforms introduced into the Constitution of 1934 are those allowing the President free choice over the selection of his Cabinet (instead of having to select six of its members from the largest and three from the second largest party in the Senate) and the election of the Senate by national vote on a basis of proportional

representation (instead of the existing system by which one-half of the seats in the Senate were allocated to the principal minority party—the *quid pro quo* obtained by Dr. Herrera for supporting the *coup d'État* of 1933).

8. An interesting development arising from the "Batllista" triumph at the elections is the possibility that it may clear the way for the application of compulsory military service in its true form, namely, for a period of permanent service in the army.

9. The first practice "black-out" in Uruguay was staged at Montevideo on an evening in March last. Although partial in character, covering a single section of the capital, and designed to test the various measures prepared by the recently organised Passive Defence Organisation, the results, according to the authorities concerned, were satisfactory and, for them, instructive. Later in the year a similar practice was carried out in another section. The establishment of "security zones" around military establishments, powder magazines, aerodromes, light and power plants, &c., within which persons regarded as dangerous to national security would be forbidden to reside, likewise pointed to a gradual awakening on Uruguay's part to the necessity of adopting adequate defence measures. But as the naval officer appointed to implement this scheme complained to a member of my staff, it was unworkable, owing to the fact that the Uruguayan Government had no proper Intelligence Service to assist him in determining which of the many thousands of Axis nationals residing in Uruguay (a large number of whom were actually domiciled within such zones) should be classified as dangerous, and the only existing organisation—the Police Investigation Department—was inept, corrupt and tainted.

10. While work on the aero-naval base at Laguna Negra has not, it is understood, gone further than the hydrographic survey, and work on the air base at Carrasco is proceeding slowly, some of the war material which, under the Lease-Lend Act, has been ordered from the United States under the Armaments Bill (paragraph 6 of my 1941 report) had already arrived in September last, in the shape of aircraft, viz., four advanced trainers, eight bomber-fighters and eight single-float hydroplanes. Other material received earlier in the year comprised approximately 100 parachutes, twenty-four armed motor-cycles, a supply of bombs and four military field switchboards. A group of 105-mm. howitzers, mechanised, presumably three-gun batteries, three groups of 40-mm. Bofors, probably twelve guns, and an unknown number of 75's are believed to have been shipped some time ago, but have not yet been received. Material already on order includes further types of aircraft, trucks and military bicycles, radio sets, searchlights, Colt revolvers and 40-mm. automatic guns. In September a second military mission arrived from the United States for the purpose of assembling, handing over and giving instruction in the equipment received.

11. The sinking of the Uruguayan ship *Montevideo* by a German submarine, as a reprisal for which the German ship *Tacoma* was interned by the Uruguayan Government, and the sinking of the Uruguayan ship *Maldonado* excited, as was to be expected, general indignation amongst the Uruguayans. Yet the public as a whole is still, in the opinion of many of their leaders, both civilian and military, insufficiently alert to the dangers which encompass them from outside, as well as to the threat of Fifth Column activity inside the country, in the latter case all the more serious because of the comparatively large number of German technicians in Uruguay. At the end of the year a special Court of Criminal Justice was set up specially to deal with subversive activities, which will bring within reach of the law many of the activities engaged in by Axis agents or their sympathisers which were previously immune from punishment owing to the absence of definite legislation on the matter.

Foreign Affairs.

12. In 1941 the most important event in the sphere of foreign affairs, in so far as its effect upon this country was concerned, was, as I pointed out in my report, the outbreak of war between the United States and the Axis Powers. This led to the rupture of relations by Uruguay with the Axis Powers on the 25th January, 1942. Various security measures were at once taken to prevent the propagation of doctrines tending to jeopardise inter-American ideals of democracy. Financial measures included a resolution adopted by the Bank of the Republic prohibiting the transfer abroad of funds to destinations other than the United States, the sterling area or any American country breaking off relations with the Axis (though by the introduction of modifications at a later date, permitting transfers of funds through the "free" market to any country

in the American continent by any person or firm not controlled by the Bank of the Republic, the control thus established was weakened). In October a decree restricted the operations of the German Bank in Uruguay to the liquidation of advances and deposits and the payment of indispensable expenses, surplus funds not required for these purposes being deposited in the Bank of the Republic in a blocked account.

Brazil.

13. The declaration by Brazil of a "state of belligerency" served to emphasise even more urgently the significance of continental defence and of the pan-American idea as a line of practical policy. A decree was at once issued declaring Uruguay's full solidarity with Brazil, to whom the treatment of non-belligerent was granted, and authorising the Ministry of National Defence to adopt, in agreement with the Brazilian military authorities, the necessary defence measures against "possible aggressions." There is reason to suppose that the Brazilian Government expected something more. The Brazilian Ambassador, after consultation with the President of the Republic and the Foreign Minister on the 18th August, gained the definite impression that if Brazil were to declare war on Germany, Uruguay would follow suit. The Government, moreover, so he told me, felt that such a step would be to the general advantage of the United Nations, because of (1) its moral effect; (2) the geographical and strategical position of Uruguay. Dr. Guani, when I saw him the following day, told me that for reasons of continental solidarity and of the identity of political interests, Uruguay would be morally bound to follow the lead of Brazil. The final decision of the Uruguayan Government would, however, be influenced by the possibility or otherwise of the United States and Great Britain assisting in the defence of the Uruguayan coastline. A week later the President of the Republic, in the course of conversation with me, volunteered the information that, in reply to a message from President Vargas regarding Uruguay's intentions, he had told the Brazilian Ambassador that in his view the people of Uruguay were not psychologically prepared for a declaration of war, that the time for such a declaration would undoubtedly come, but that if made at the moment it would appear to be "forced and quixotic." The President's judgment of the situation was, I felt, correct. Notwithstanding popular sympathy for Brazil, there was, and still is, a distressing amount of apathy in regard to matters of national defence.

14. The concerting of mutual defence measures, provided in the decree referred to above, led the Uruguayan Government, at the end of October, to send a military mission to Brazil. This mission, which was headed by the Inspector-General of the Army, and composed of seven senior officers, included the head of the air force, remained a fortnight in Brazil and returned very much impressed by what they saw there, especially by the new military school at Resende and by the good job done by United States forces in fortifying Natal, Recife and Fernando Noronha. The only request made by the Brazilian authorities, so I learn, was that Uruguay should do her utmost to see that her side of the frontier was adequately protected and patrolled, while the Brazilians looked after theirs, with a rider to the effect that to do this Uruguay should roll up her sleeves and start to train and organise an army. I understand that arrangements were also made between the two air forces for co-operation in coast patrols.

15. In order to ensure the continuance of close co-operation between the two Governments, a meeting between General Baldomir, Dr. Amézaga (the President-Elect) and President Vargas is to take place early this year on the frontier, on the occasion of the inauguration of an International Park.

Great Britain.

16. Relations with Great Britain have continued to be of the best possible nature, and Uruguayan admiration for Britain's war efforts and achievements and her affection and respect for the "bulwark of democracy" remains at the same fervent and enthusiastic pitch. In the commercial sphere, however, a feeling exists in many quarters that the establishment by the United Kingdom of export quotas based on purchases effected in recent years has, in practice, led to a more favourable treatment being given to Argentina, despite her neutrality *à outrance*, than to this country, which has done all within her restricted power to help the United Nations.

17. On the 5th February, 1942, the Uruguayan Government issued a decree extending non-belligerent treatment to the ships of His Majesty's navy and reserving the right to accord similar treatment to the vessels of any other

non-American Power collaborating in the defence of this continent. As will be recalled, from paragraph 14 of my last report, this matter had already, at the end of 1941, been engaging the attention of the Uruguayan Government, who felt that, as the safety of their foreign trade depended on the efforts of the Royal Navy, it was only just that British warships should receive the same facilities in Uruguayan ports as those accorded to United States ships. This point was made in the preamble to the decree, which stated that the decision had been taken in view of the importance of maintaining vital inter-American routes which were being defended not only by the United States, but also by non-American fleets.

18. In paragraph 12 I mentioned that the Minister for Foreign Affairs, when discussing the attitude of Uruguay in the event of a declaration of war by Brazil, had stated that the final decision would be influenced by the possibility or otherwise of the United States and Great Britain assisting in the defence of the Uruguayan coastline. When I pressed Dr. Guani on this point he explained that he had in mind an extension of the United States and British naval patrols and close contact between our naval authorities and the Uruguayan Ministry of National Defence, and he asked me to enquire urgently whether any such arrangement would be possible. I learned that from my United States colleague Dr. Guani had asked for an actual increase in the naval forces stationed in these waters. In accordance with the instructions subsequently received by me, I informed Dr. Guani that, as responsibility for assisting in the patrol of Uruguayan waters rested with the United States Government and any of His Majesty's ships operating off the coast of Uruguay were under the control of the United States naval authorities, close contact on operational matters between our naval authorities and the Uruguayan Ministry of Defence would therefore not serve any useful purpose. His Majesty's Government were, however, anxious to continue the close relationship between the naval authorities of the two countries and to continue to give such advice as lay in their power.

19. After lengthy negotiations the Uruguayan Government at the end of the year finally gave their authorisation for the sale and transfer to His Majesty's Government of a floating dock and repair plant owned by a local firm, which was urgently required for use in South Africa. In order to allay criticism and internal repercussions by demonstrating to Uruguayan public opinion that the Government had obtained a substantial *quid pro quo*, various suggestions were made by the Minister for Foreign Affairs, principally in the way of equivalent supplies from the United Kingdom and Canada of certain essential materials, e.g., newsprint, constructional iron and wire. Eventually the Uruguayan Government accepted an offer made by His Majesty's Government to allocate to this country twelve additional cargoes of coal of 6,000 tons each.

20. The invitation for two Uruguayan naval officers to visit Great Britain as naval observers was greatly appreciated, and the officers selected returned to Uruguay much impressed by all they had seen. One of these officers, who is now Officer Commanding the Naval Training Centre for Reservists, has been giving these reservists a series of lectures on the defence services of Great Britain.

United States.

21. The United States Government have continued sedulously to cultivate their relations with this country, and the flow of commercial and cultural missions and representatives is now a two-way traffic, a very large number of Uruguayan naval and military officers, flying-men, journalists, professors and students having received either personal invitations or grants to visit the United States. The Minister for Foreign Affairs, who is to leave for Washington in the middle of this month, informed me that, while there he will endeavour to arrange a loan, the proceeds of which would be used by the Uruguayan Government to purchase the Montevideo Telephone Company and, secondly, to finance an extensive scheme of public works, principally road-making. Dr. Guani will also try to persuade the United States Government to increase the allocations of liquid fuel to Uruguay and bring up the question of shipping in the hope of obtaining satisfaction of Uruguay's needs.

22. The arrangements with the United States in regard to the Rio Negro Hydro-Electric Scheme (referred to in paragraph 20 of my last report) reached a further stage in April last with the signature of an agreement between the two Governments for the completion of this scheme, the Uruguayan Government undertaking to sever all connexions with the German interests concerned in the project, and the United States Government undertaking to arrange that the Export-Import Bank should advance a loan (ultimately fixed at United States \$12 million) for the purchase in the United States of equipment and that

priorities for manufacture and shipment should be obtained. At the end of October the president of the local board spontaneously informed the local representative of the English Electric Company that negotiations in Washington, after breaking down owing to the "barbarous" and "completely unacceptable" financial conditions which the Americans were trying to impose, had been resumed on the initiative of the United States interests concerned, but with little hope of success. He enquired whether the English group would reconsider the matter, and stated that he would welcome any reasonable proposition from them. Further efforts were subsequently made by both the United States and Uruguayan Governments, and by the end of the year some kind of an agreement had, I understand, been reached though I am not aware of its precise terms.

23. The fixing of the exact amount of the Export-Import Bank loan, referred to above, coincided with the announcement on the 21st July, of the conclusion of a reciprocal trade agreement between Uruguay and the United States, to come into force thirty days after the exchange of ratifications. This agreement is designed to facilitate trade between the two countries after, as well as during, the present war. It provides for reciprocal tariff concessions covering a substantial portion of the main articles of commercial exchange, and assurances against discriminatory tariffs, quotas or exchange control being imposed on imports from either country into the other.

24. In October I was informed by my United States colleague that he had had a satisfactory talk with the President of the Republic in regard to Uruguayan co-operation in economic warfare. The President's intention was to establish a committee, of which the Minister for Foreign Affairs would be a member, to advise him on the extent to which the Uruguayan Government can put into force the recommendations of the recent conference in Washington of the central banks—on which, so I learnt confidentially, the bank of the republic had already reported favourably.

25. It is pleasant to be able to put on record that the relations between the United States and the British communities in Uruguay are entirely satisfactory and of a very cordial nature.

Other Countries.

26. During the visit of the first Canadian Trade Mission in September 1941, referred to in paragraph 24 of my last report, the possibility of establishing direct diplomatic relations between Canada and Uruguay was mentioned by the Uruguayan Minister for Foreign Affairs. In February last I conveyed a message to Dr. Guani from the Canadian Secretary of State for External Affairs cordially reciprocating this desire to foster closer relations and informing him that His Majesty's Government in Canada were giving serious and sympathetic consideration to the proposal. Dr. Guani, who had not, it transpired, given any further consideration to the practical application of this proposal, suggested that when visiting Washington he would like to pay a short visit to Ottawa and take the opportunity of discussing the question of diplomatic representation. I am accordingly trying to arrange that Dr. Guani shall visit Ottawa this month.

27. Relations with Argentina continue to be outwardly correct, although that feeling of contempt for the Argentine Government's frantic neutrality, which I mentioned in paragraph 26 of my last report, persists, and, if anything, has become more vocal in the press and amongst the general public, especially since the Rio de Janeiro conference. The commercial treaty between the two countries, stipulated in the Colonia Agreement of 1940, still remains unsigned.

28. Relations with other South American States continue to be, on the whole, harmonious. Dr. Guani visited Chile in September last and returned satisfied with the results. He had intended visiting Brazil, Peru and Bolivia on his return from his visit to the United States, but it is now doubtful, in view of his election as Vice-President of the Republic, an office he will assume in March next, whether he will have time to carry out the whole programme.

29. On the departure of the Axis representatives from Uruguay, the interests of their Powers were confided to Spain. As a result of lengthy negotiations between the Spanish Legation, the Uruguayan Government and His Majesty's Legation, arrangements were finally made for the repatriation of a large number of German and Italian nationals.

30. Early in 1942 the Uruguayan Government, in accordance with a law of 1941 declaring illegal all associations owing allegiance to foreign Powers, dissolved the "Fundación Española," an institution in Uruguay formed by members of the Falange (whose original institution in Uruguay was dissolved last year) and of which the Spanish Minister was President.

31. The "Free Italians" held a pan-American Conference at Montevideo from the 14th-17th August, 1942, at which Count Sforza was present—though, owing to delays and difficulties in his journey, only on the last day of the conference. Under the "Declaration of Montevideo" approved by the conference, the assurances contained in the Atlantic Charter (to which full adherence had been voted) were interpreted as implying that the defeat of the Axis would mean the reconquest by the Italian people of their liberty and their return, on a status of complete equality, to the consortium of nations, and that to achieve this objective the Free Italians of America "believed it to be their duty to offer all such contributions as they are in a position to make towards securing victory, both in the political preparation of Italian post-war reconstruction and also as regards immediate help at the present time"; the convocation of a Constituent Assembly, at which the Italian people could frame a new Constitution for themselves, was postulated, and the hope expressed that the Monarchy might be replaced by a Social Democratic Republic; the establishment of an Italian National Council, which should be recognised by the United Nations, was proposed; the participation of the Free Italians in the armed struggle through a military unit under the command of Randolfo Pacciardi was recommended; and, finally, the task of organising the Italian National Council was conferred on Count Sforza, "spiritual and political head of the anti-Fascist Italians." I understand that Count Sforza regards his visit to South America as having been in the nature of a considerable personal triumph.

32. M. Albert Ledoux, delegate of the French National Committee in Uruguay, was transferred to Rio de Janeiro at the end of 1942. He was replaced temporarily by M. Maurice Garreau Dombasle pending the arrival, at the end of the year, of M. Emmanuel Lancial. In June 1942 His Majesty's Legation supported the *démarche* made by M. Ledoux to the Uruguayan Government regarding the recognition by the Uruguayan authorities of passports renewed by the Free French authorities, as it had likewise done on a previous occasion. While the validity of such passports is now recognised by the Uruguayan Government, no diplomatic recognition has yet been granted at the end of the year to the Free French representative. On the 29th October M. Henri Hoppenot resigned his post as French Minister to Uruguay.

Rio de Janeiro Conference.

33. At the third consultative meeting of the Ministers for Foreign Affairs of the American Republics, held at Rio de Janeiro from the 15th-28th January, 1942, Uruguay put forward the draft resolution regarding the extension of non-belligerency referred to in paragraph 15 of my last report. Although the formula was subsequently emasculated by the conference, the Uruguayan Government later decreed that the special facilities to be granted to non-American Allies should include free and unrestricted use of Uruguayan ports. At the closing session her Minister for Foreign Affairs was able to announce the rupture of diplomatic, commercial and financial relations with the Axis Powers. Dr. Guani, on his return, expressed himself as generally satisfied with the results of the conference.

Emergency Advisory Committee.

34. One of the steps taken towards implementing the recommendations of the conference and maintaining the pattern of hemisphere solidarity outlined at Rio de Janeiro, has been the establishment of the Emergency Advisory Committee for Political Defence (Resolution XVII (5)). This committee, composed of delegates from Argentina, Brazil, Chile, the United States, Mexico, Uruguay and Venezuela, held its first meeting at Montevideo on the 15th April, under the chairmanship of Dr. Guani. Its functions are to recommend measures for the control of dangerous aliens, for preventing abuses of citizenship, regulating transit across national boundaries and preventing acts of political aggression. Reviewing the first six months' labours of the committee in an address pronounced on the 15th October last, Dr. Guani was able to announce that the initial stage—examination of existing defence measures and recommendations for implementing, or supplementing, such measures—had been practically completed, and that the committee could now enter upon the second stage—that of direct consultation between its members and the competent officials of the American republics. A recommendation, approved in December last, provided for the suspension of radio communications with the Axis and Axis-controlled countries and the establishment of censorship over all means of communications between the western hemisphere and those countries, non-American

countries in communication with them and American States that have not yet severed relations or suspended communications with the Axis and satellite countries.

Rivera Meeting.

35. When, in August last, the "state of belligerency" declared by the Brazilian Government exposed the neighbouring countries to the danger of an influx of enemy nationals across their respective frontiers, the committee convoked a regional meeting of delegates from Argentina, Bolivia, Brazil, Paraguay and Uruguay. This meeting took place at the Uruguayan town of Rivera on the Brazilian border, under the chairmanship of the Uruguayan Minister of the Interior, from the 22nd-26th September. A comprehensive system of frontier defence against the infiltration of undesirables appears to have been evolved, requiring only the co-operation of the countries concerned. Notwithstanding the Argentine delegate's statement that maintenance of diplomatic relations with the Axis Powers did not put his country into a different position from that of the other American republics and that Argentina would show as friendly a spirit towards Brazil as any other republic and would scrupulously perform her undertakings, the Uruguayan press reflected the widely-felt scepticism as to the extent of Argentine co-operation.

Attitude of Argentina.

36. This atmosphere of suspicion regarding Argentine's rôle at the meeting was the logical consequence of the attitude of the Argentine Government towards the Emergency Advisory Committee itself. The appointment of a Counsellor of Embassy, instead of their ambassador, as Argentine delegate on the committee had already aroused comment and feelings were still further ruffled in connexion with the inter-American Conference on the Co-ordination of Police and Judicial Measures, held at Buenos Aires in May last. The committee had decided that all its members should travel to Buenos Aires in order to attend this conference and while in that capital hold various sessions. The Argentine Foreign Minister, however, thought otherwise, and so informed the committee's secretary-general, both verbally and in writing. The committee did not, therefore, hold meetings or submit recommendations while its members were in Buenos Aires, and will in future send direct to the Pan-American Union all recommendations it may make. It will also, before embarking on visits of consultation, ascertain from each Government whether such a visit would be agreeable.

[A 2089/2089/46]

No. 112.

Mr. Stevenson to Mr. Eden.—(Received February 26.)

(No. 15.)
Sir,

Montevideo, February 6, 1943.

I HAVE the honour to enclose, herein, copy of a signal⁽¹⁾ received by the naval attaché to this legation from the Director of Sea Transport announcing the arrival at Montevideo of two ships carrying German prisoners of war, proposing the transhipment of some of these prisoners of war at Montevideo, and asking for confirmation that the necessary arrangements could be carried out.

2. This matter has been satisfactorily settled, and I am only bringing it to your notice in order, first, to demonstrate the exceeding goodwill of the Uruguayan Government, and, secondly, to record a case which may be of interest in the future when the time comes, as it may, to define the meaning and scope in international law of a state of "non-belligerency."

3. On the receipt of the enclosed telegram⁽¹⁾ I visited the Acting Minister for Foreign Affairs, Señor Gerona, who is himself a lawyer of considerable standing in this country, explained the matter to him, and put forward the contention that, although in the case of a neutral country such prisoners of war would have a claim for release, Uruguay's status of non-belligerency made the provisions of the Fifth Hague Convention inapplicable. I pointed out that the Uruguayan Government had themselves, in fact, already recognised that the status of Uruguay was not that of a neutral, and I supported this argument by citing the far from neutral action taken by the Uruguayan Government in according non-belligerent status to

⁽¹⁾ Not printed.

His Majesty's ships, in permitting the storage in Montevideo of munitions and other war material, and in agreeing to the landing of uniformed men of His Majesty's forces.

4. I found the Acting Minister for Foreign Affairs in complete agreement with my statement of the position, and he merely asked for twenty-four hours in which to think it over and consult the President of the Republic.

5. The following day he informed me that the Uruguayan Government would have no objection to the transshipment of the prisoners in the port of Montevideo nor to their continued presence in the port while the ship was loading. He asked that the transshipment should be effected in the ante-port and as unostentatiously as possible, and that the ship should remain in the ante-port while loading. He added that if the Spanish Minister, who is charged with the protection of German interests, should hear of the presence of these prisoners and should demand their release, the Uruguayan Government would reply in the sense that the relevant Hague Convention was not applicable in this case in view of Uruguay's status of non-belligerency. He would prefer, however, to avoid having to argue the question with the Spanish Legation, and would be grateful if the prisoners could be kept out of the way while the loading was going on and if the crews of the ships concerned and the guards could be warned against talking.

6. I readily agreed to these stipulations and to a further suggestion that there was no need for us to exchange any correspondence on the subject. A telegram has accordingly been sent to the Director of Sea Transport by the naval attaché informing him of the agreement of the Uruguayan authorities, and the naval attaché is arranging all the details with the Inspector-General of the Uruguayan navy and the captain of the Port of Montevideo.

7. I thanked Señor Girona very cordially for his helpfulness, and expressed my deep appreciation of the friendly and co-operative attitude of the Uruguayan Government in this and other matters on which I had occasion to ask for their assistance. I suggest, however, that you might instruct me, unless you have any objection, to convey a message of appreciation from His Majesty's Government.

I have, &c.

RALPH SKRINE STEVENSON.

[A 2623/599/46]

No. 113.

Mr. Stevenson to Mr. Eden.—(Received March 18.)

(No. 16 E.)

Sir,

Montevideo, February 16, 1943.

THE very severe drought which, since October last, has afflicted this country is now reaching such proportions as seriously to affect the national economy.

2. According to local experts over 1½ million animals have already died, and the financial loss is computed at some 50 million pesos. While cattle-breeders can see only too clearly the disastrous after-effects of such mortality on livestock during the next few years, the immediate prospect is in itself sufficiently disquieting to warrant the prevailing pessimism. Within a comparatively short period it is expected that the number of cattle destined for slaughter in the freezing plants will have become so reduced as to diminish appreciably not only the supply required for the population of Montevideo, but also the export of tinned meat to the United Kingdom. As a natural corollary, and apart from the effects which this may have on one of Great Britain's sources of supply in war-time, the reduction over the course of the next year or two by one-half, or even one-third, of Uruguay's staple exports—meat, hides and wool—may place this country, in any post-war adjustment of quotas, in a most unfavourable position. Moreover, any reduction in Uruguay's normal means of payment is likely to create an obstacle for future Anglo-Uruguayan trade. Attention to this aspect of the matter has already been drawn in a recent "Bulletin" issued by the "Association for the Promotion of Anglo-Uruguayan Trade" ("A.F.I.C.A.U."), a copy of which is enclosed herewith.

3. Action by the Uruguayan Government has so far been confined to approaching the Governments of Argentina and Brazil with a view to transferring livestock to the bordering, and better pastured, districts of those two countries—a request which has met with no success owing to the drought conditions prevailing there also. Local livestock-breeders have, accordingly, been endeavouring to

forward to the *frigoríficos* all their available cattle, irrespective of the condition of the animals and of the lower prices being paid. In this, however, they have been seriously handicapped by the inadequacy of transport facilities, caused by the acute shortage of fuel. Fuel shortage, again, has to a large extent nullified the efforts of those breeders who, in the hope of saving at least a part of their herds, have bought large stocks of forage in Montevideo and Buenos Aires, only to find in many cases, when the bales have reached their destination by rail, that transport from the country station to the *estancia* is impossible owing to lack of petrol, while the poor condition of horses and bullocks precludes their use for this purpose.

4. Further Government action will probably have to be taken, presumably by means of grants and special facilities for reimbursement, in respect of other immediate problems of an internal nature arising from the drought, such as the loss of crops and the probability of increasingly widespread distress amongst the populations of the country districts. In this latter connexion a newspaper of the capital recently announced that in one of the northern departments of the republic hitherto honest people had been driven, through sheer necessity, to rob and steal.

5. The situation is, indeed, as the A.F.I.C.A.U. "Bulletin" describes it, one of grim tragedy, possibly all the grimmer because the tragedy could have been relieved to a considerable extent by the timely adoption of modern methods of water supply, irrigation and silage. Here and there in the country there are cattle-breeders who have had the foresight in recent years to dig artesian wells and install "Australian tanks" in adequate numbers on their properties, to build silos, and to devote a considerable acreage to sudan grass. But such cases are, unfortunately, isolated ones.

6. I am sending a copy of this despatch to His Majesty's Ambassador at Buenos Aires and to the Department of Overseas Trade.

I have, &c.

RALPH SKRINE STEVENSON.

Enclosure in No. 113.

A.F.I.C.A.U.

Supplement to Bulletin No. 20.—January 1943 (Translated contribution).

The Drought and Meat Exportations.

URUGUAY is in a situation of grim tragedy caused by the drought. Lack of water and pasture has caused an appalling death-rate in livestock in departments such as Tacuarembó, which is the largest in extent in the republic and at the same time contains the highest total of cattle. The loss has been estimated by competent authority as high as 40 per cent., and this percentage will be increased, even should there now be a favourable reaction in the adverse climatic conditions.

The census of 1937 gave for the Department of Tacuarembó a cattle holding of some 800,000 head, almost 10 per cent. of the total for the country. Therefore Tacuarembó alone has already lost anything up to 300,000 animals, a number which must grow still larger even with an abundance of rain.

The Department of Artigas is in the same desperate state as Tacuarembó, and almost as bad, those of Salto, Rivera, Treinta y Tres, Paysandú, Cerro Largo and Flores. The herds in the other departments devoted to cattle-raising, although the animals lived in better conditions, may also be considered almost without exception as in the same grave situation.

From all of this brief gloomy picture as presented there emerges clearly the fact that within a very short period the freezing plants will be almost deprived of cattle for slaughter, destined to the preparation of the beef for export to Great Britain or for the supply required for the population of Montevideo. Thus the drop in these exportations will be vertical, and that within a brief lapse of time, and it may be now affirmed that, however optimistically are envisaged the exportations of meat in the future, some years must pass before the normal volume is attained.

Loss of crops can be replaced by further sowings, as seed is always obtainable. On the other hand, the destruction of a large proportion of the herds is irreplaceable and creates in Uruguay a very grave problem, as it is only in the course of years that it can be solved by the restocking of the camps.

Two other problems also arise: first, it is to be lamented that Uruguay will not be able in the future to contribute to the defence of the noble cause of the Democracies, so admirably led by England, by providing the quantity of meat which normally is done, as Uruguay's best weapon with which she can aid the Allied cause; and secondly, the reduction which can logically be foreseen to a half or a third of the supply of beef to Great Britain in the year 1943 in relation to normal times, in an adjustment of quotas in the post-war—which happily appears very near with the complete triumph of the free peoples—may place Uruguay in the situation that, should her meat exports in 1943 be taken as normal, quotas might be fixed on that basis for coming years.

This, without doubt, would create a serious obstacle for Anglo-Uruguayan trade in the future, which would be greatly reduced by the reduction in Uruguay's means of payment, even when the time arrives when she can regain her normal volume of export once the grazing lands have been restocked.

A.F.I.C.A.U., working tenaciously for the highest possible degree of commercial exchange between the United Kingdom and Uruguay, would call the attention of those who may have to intervene in the fixing of the quotas of exportation to Great Britain, to the gravity of the period through which Uruguay is passing, economically, resulting from the devastating drought which is ruining her cattle industry through no fault of her own; and trusts that the establishing of the quotas of beef exports from Uruguay to Great Britain and the imports received in return will not be based on the minimum volume which this country will export in 1943 and the following years.

Finally, as a means of sustaining the exportable production at the highest limit in this critical situation which has to be faced, it would seem that the authorities could allot for exportation all, or the larger proportion, of the beef of the standard required, at present consumed in Montevideo and other centres throughout the country. This could be replaced by mutton, which is the chief item of meat consumption in rural districts, and, on the other hand, is plentiful at the moment.

It must be borne in mind that cattle slaughtered to supply Montevideo alone in 1941 totalled over 400,000 head—fat animals and of first-class quality.

Montevideo, February 11, 1943.

[A 2866/320/46]

No. 114.

Mr. Stevenson to Mr. Eden.—(Received March 25.)

(No. 25.)

Sir,

Montevideo, March 3, 1943.

I HAVE the honour to report that President Amézaga has formed his Council of Ministers as follows:—

Foreign Affairs: Señor José Serrato, G.C.B. (Personalities No. 38.)

National Defence: General Alfredo R. Campos, C.V.O. (Personalities No. 14.)

Interior: Señor Héctor A. Gerona.

Finance: Señor Ricardo Cosío.

Public Instruction and Social Welfare: Dr. Adolfo Folle Juanicó.

Industries and Labour: Dr. Javier Mendivil.

Public Works: Señor Tomás Berreta. (Personalities No. 9.)

Live-stock and Agriculture: Señor Arturo González Vidart.

Public Health: Señor Lufs Mattiauda.

2. Señor Serrato, physically well-preserved, though now in his 74th year, has not previously held the portfolio of Foreign Affairs, nor, apart from having been a member of the Uruguayan delegation to the VIth Pan-American Conference (1933), has he had any working experience of diplomacy other than that acquired during his term of office as President of the Republic (1923-27). Although he had retired from public life in 1934, he consented, at President Baldomir's request, to become President of the Council of State which came into existence after Parliament had been dissolved on the 21st February, 1942. I understand that Señor Serrato was very reluctant to take the portfolio of Foreign Affairs when it was offered to him by President Amézaga, but was eventually prevailed upon to accept it. Señor Serrato is a staunch supporter of

the Allied cause, and since 1940 has been president of the principal pro-Ally committee in Montevideo.

3. The appointment of General Campos to the portfolio which he held for the first year and a half of President Baldomir's Administration is a popular one. It is, moreover, likely to be of benefit to the country if, as is generally assumed, one of his first steps will be properly to implement the Compulsory Military Service Act. It will be recalled that this measure, when presented by General Campos, in February 1940, aroused such opposition that he resigned his portfolio. It was, nevertheless, approved five months later, although, for political reasons, never enforced, and the introduction of compulsory service in its true form, as a period of permanent service in the army, only becomes politically feasible as a result of the recent presidential election (please see in this connexion Chancery letter to the South American Department of the 17th December last).

4. Señor Gerona, who is a notary by profession, had not held any official post until he became a member of the Council of State in February 1942. In July of that year he was appointed Minister of the Interior, and during the visit of Dr. Guani to the United States and Canada early this year he also acted as Minister for Foreign Affairs. Señor Gerona was head of the Uruguayan delegation to the "regional meeting" held at Rivera in September 1942 for the purpose of controlling the infiltration of enemy aliens and pro-Axis nationals over the Brazilian frontier, and was elected president of the meeting. He is a man of 54 years of age, who, although belonging to the "Colorado" party, has never participated actively in politics. He is well-disposed towards Great Britain and is a whole-hearted supporter of the cause of the United Nations. As Minister of the Interior he will have to deal with Fifth Column activities in general and in particular with the problem of Axis nationals still employed in State institutions. He does not possess a particularly strong character, but there is some hope that, with his good intentions and with the help of the Under-Secretary of the Interior, Señor Giménez de Aréchaga, a strong and capable man, adequate measures may be taken to clean up the State institutions.

5. Señor Cosío, who has always been a militant "Batllista," was Finance Minister from 1925 to 1926, during the presidency of Señor Serrato. He has also been Director-General of Customs and a member of the boards of the Bank of the Republic and the Mortgage Bank. As a specialist in economic and financial matters, he has for many years past contributed articles to the *Día* on those subjects, writing as a pertinacious critic of the Government's policy. Señor Cosío was one of the twenty-eight members of the Council of State. He is a man of 54 years of age and is a cousin of Don Pedro Cosío. (Personalities No. 18.)

6. Dr. Folle Juanicó, who is a lawyer, of 47 years of age, and comes from one of the oldest families of Uruguay, is a member of the "Colorado" party, but had taken no active part in politics until 1938, when he was elected president of the Electoral Court. In 1942, as a member of the Council of State, he was president of its committee dealing with electoral matters. He was president of the "Jockey Club" from 1941-42. He is very well disposed towards Great Britain.

7. Dr. Mendivil, a lawyer, of 69 years of age, was Minister of Finance from 1929-31, and held the same portfolio during the Administration of General Baldomir. He has also been president of the Bank of the Republic and of the Mortgage Bank. He is a rather colourless individual and not very energetic, but he is well-disposed, and when he can be spurred into action is helpful.

8. Señor Berreta, who was one of the members of the Council of State (1942), has not held any public post since the National Administrative Council, of which he became vice-president early in 1933, was swept away a few months later by the *coup d'état* of that year. As "political boss" of the Department of Canelones, his birthplace, he had, between the years 1913 and 1919, held various local political posts there and was, in the recent presidential election, elected "Intendente" of Canelones and Senator for that Department. It is difficult to understand the reason for his appointment as Minister of Public Works unless it be to enable him to wield still further influence on behalf of the "Batllista" group amongst the labouring classes in a ministry which notoriously lends itself to "patronage" on a very large scale. Señor Berreta is now 67 years of age. I do not know him well, but he is invariably very friendly when we meet.

9. Señor González Vidart, who took his degree in the Faculty of Agronomy in 1921, represents the Independent Nationalists in Dr. Amézaga's Cabinet. As one of the Deputies of that political group he sat in the Chamber of Representatives in 1925 and again from 1928 until 1933, when, as a consequence

of the *coup d'Etat*, he had to seek asylum in Brazil. He is a professor of natural science in several of the "Lycées" of Montevideo and also continues his work in the Faculty of Agronomy.

10. Señor Mattiauda is a notary and public accountant, and holds the degree of doctor *honoris causa* in economic sciences. Although a militant member of the "Batllista" group he has never occupied any post on the Executive Committee of that political faction, but his name was included in the list of "Batllista" Senators in the recent elections. The reasons for his appointment to the Ministry of Public Health are, for the moment at any rate, obscure.

11. It will be gathered from the foregoing that Dr. Amézaga has not succeeded in giving the country a Cabinet of All the Talents. There is, indeed, a very general feeling that he has lost an unique opportunity of forming a really representative Council of Ministers in which places could have been found for men of more outstanding merit than some of those now chosen. The Independent Nationalists, for their part, are, perhaps justifiably, aggrieved that their long sojourn in the wilderness and the votes they polled at the recent election have been rewarded with only a single post. Nor have they been slow in pointing out that in this "Colorado" Cabinet, in which the "Batllistas" predominate, the portfolio allotted to their group is precisely the one which, at a moment when Uruguay is suffering from the effects of an almost unprecedented drought and the future of her live-stock industry is threatened with disaster, is the least "profitable," politically speaking.

I have, &c.

RALPH SKRINE STEVENSON.

3. The general impression that I gained from this conversation was that the President was going out of his way to convince me of his devotion to our cause, and of his friendliness for Great Britain in particular. He was so earnest and specific about it that there may be some hope that he will act accordingly, though the general effect was spoiled to some extent by a passing reference to the Insurance Bill, which I succeeded in persuading his predecessor to shelve last year, as being inimical to our interests. He did not actually say that he would have the Bill reintroduced, but his defence of its stipulations led me to suspect that such may be his intention.

4. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Rio de Janeiro and Buenos Aires.

I have, &c.

RALPH SKRINE STEVENSON.

[A 3105/564/46]

No. 115.

Mr. Stevenson to Mr. Eden.—(Received March 31.)

(No. 27.)

Sir,

Montevideo, March 8, 1943.

I HAVE the honour to inform you that during and after the luncheon which took place on H.M.S. *Cheshire* on the 6th March (see my despatch No. 26 of the 8th March) I had an opportunity of holding a long conversation with President Amézaga.

2. The President was fervid in his protestations of friendship for, and admiration of, Great Britain. He recalled that he had been, throughout his legal career, closely connected with British interests and enterprises in this country. (This is perfectly true, but it is equally true that he has also been connected with some of the most important German interests in the River Plate. He was, for instance, until the commencement of his political campaign last year, joint president of the Montevideo Telephone Company, in representation of Messrs. Siemens Halske, by whom he was appointed to the board in 1934, and whose legal adviser he had been since 1930.) He repeated what he had said in his speech during luncheon about Uruguay considering herself an ally of Great Britain, and went on to say that, as soon as the United States could supply a few batteries of heavy artillery, a few batteries of anti-aircraft guns and 100 aircraft, Uruguay would declare war on the Axis, as then she would be in a position to look after herself to some extent. At the moment she was almost completely defenceless, and would be a liability as an ally. However, what she could do now was to support Great Britain and the United States in their economic warfare measures, and he was determined to have a law passed which would enable the Government and the State institutions, such as the State Insurance Bank, to apply the Statutory and Proclaimed Lists. I expressed cordial appreciation of his attitude and assured him that such a step would be of the greatest value to ourselves and the United States. I then went on to draw his attention to the fact that in many of the State institutions, such as the Port Administration, the State Electricity Works and the "A.N.C.A.P.," a number of Germans and Italians were still employed. Such persons presented a grave danger, as they were in a position to dislocate completely the work of the institutions in which they were employed. I told him that I had warned Dr. Guani of this danger last year, when Brazil entered the war, and there was a possibility of Uruguay following suit. The President thereupon asked me whether I would be good enough to communicate to him personally and privately a list of such enemy nationals as were in a position to cause trouble, in which case he would see that they were removed. I agreed to do so.